

P-408/M-91-12 ORDER APPROVING CHANGES IN ACCESS SERVICE RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of East Otter Tail
Telephone Company Changing its
Access Service Rates

ISSUE DATE: April 9, 1991

DOCKET NO. P-408/M-91-12

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ACCESS SERVICE RATES

PROCEDURAL HISTORY

On January 10, 1991 East Otter Tail Telephone Company (East Otter Tail or the Company) filed revised tariff pages changing its rates for access services. Since East Otter Tail has fewer than 30,000 subscribers, the Company may change its rates without prior Commission approval. Minn. Stat. § 237.07 (1990). However, the Company is required by statute to maintain fair and reasonable rates¹ and remains subject to rate regulation under the complaint process set forth at Minn. Stat. § 237.081 (1990).

On February 12, 1991 the Department of Public Service (the Department) filed its report and recommendation. The Department recommended allowing the rate changes to stand. The Department also recommended initiating an earnings investigation under Minn. Stat. § 237.081 (1990) against the Company unless it voluntarily reduced its rates to bring its rate of return on equity to 15% or lower.

East Otter Tail filed a reply denying that its rate of return on equity exceeded 15% and including additional information in support of that claim. The Department subsequently withdrew its recommendation to initiate an earnings investigation against the Company.

The matter came before the Commission on April 2, 1991.

¹ Minn. Stat. § 237.06 (1990).

FINDINGS AND CONCLUSIONS

The Commission accepts and adopts the Department's conclusion that the Company's new rates for access services remain within the "fair and reasonable" range required by statute.

The new rates do not differ drastically from the old. With the exception of carrier common line charges, where special considerations apply, they continue to cover fully distributed costs. (Although covering fully distributed costs is not necessarily required for reasonableness, it is one indication of reasonableness.) The new rates themselves, then, do not compel comprehensive scrutiny under Minn. Stat. § 237.081 (1990). They are fair and reasonable on their face and should stand in the absence of evidence of unfairness or unreasonableness.

The Commission will take no action on the Company's January 10 filing beyond noting, for its records, the change in the Company's rates for access services.

ORDER

1. The Commission accepts the January 10, 1991 filing of East Otter Tail Telephone Company, changing its rates for access services, and determines that no further action on the filing is necessary.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)